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Provisions of Farm Legislation of Principal Interest to Cannery

The canning industry has some interest in all phases of our national agricultural policy as expressed in Acts of Congress. Certain provisions of the Agricultural Act of 1954, however, may have a more direct and immediate effect on the canning industry than the broader policy provisions assumed in the new legislation. Principal among these are the provisions relating to diverted acreage and the position taken on the proposals to extend marketing orders to canning crops generally.

Marketing Orders

The original version of the farm bills on which hearings were held by both the Senate and House Committees contained provisions extending the marketing order authority to include all fruits and vegetables for canning and expanding the scope of the authority to permit additional regulation. The N.C.A. appeared before these Committees to express the view that marketing orders are not adapted to crops for canning and freezing.

Title IV of the Agricultural Act of 1954 substantially follows the recommendations of the N.C.A. The single additional commodity brought within the scope of the marketing order authority is grapefruit for canning and freezing.

Marketing orders may be issued for grapefruit for canning and freezing only in its fresh state, however, and may become effective only when the issuance of such order is approved or favored by those processors who, during a representative period determined by the Secretary, have canned or frozen for market more than 50 percent of the total volume of the processed commodity. The amendments also require the Secretary to include at least one representative of the processors of grapefruit on any agency selected to administer a marketing order applicable to grapefruit for canning or freezing.

Thus, under the Agricultural Marketing Agreement Act of 1937, as amended by the Agricultural Act of 1954, the marketing order authority may be applied only to a limited number of crops for canning and freezing. Orders may issue on olives and aspara-

gus to regulate the marketing of these commodities in both their fresh and processed form. Orders may issue on grapefruit for canning and freezing to regulate the marketing of the fresh commodity alone.

The new law directs the Secretary to regulate in like fashion imports of a substantial number of commodities to which marketing orders may be applied whenever marketing orders are issued to control the marketing of the domestically-produced commodity. Such regulation is not, however, required of imports into the continental

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Renegotiation Act Extended

In the closing days of the session, Congress passed and sent to the President H.R. 6287, a bill extending and amending the Renegotiation Act of 1951. The new renegotiation legislation will continue the renegotiation authority in a somewhat revised form for the remainder of the current year. Under the bill, renegotiation will remain applicable to receipts or accruals from government contracts attributable to performance before December 31, 1954, but not after.

A number of the new provisions of the existing law will be of interest to canners. The minimum amount or "floor" on receipts and accruals which must be met before the canner can be subjected to renegotiation has been raised from the present statutory minimum of \$250,000 to \$500,000 for fiscal years ending on or after June 30, 1953. For fiscal years ending prior

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The Fruit Situation

Commercial production of canned fruits in continental United States in 1954-55 probably will be about as large as the 1953-54 pack of nearly 2.9 billion pounds, the equivalent of 67 million cases 24/2½, according to a report by the Agricultural Marketing Service of USDA on *The Fruit Situation*.

Increased packs of canned apples, pears, and figs seem probable, and the packs of canned apricots, sweet and sour cherries, and plums and prunes are likely to be smaller, according to the report. The packs of other major items may be much the same size as in 1953-54.

The 1954 crop of deciduous fruits is expected to total about the same as that of 1953 but 8 percent under the 1949-52 average. Demand for deciduous fruits for both fresh use and processing is expected to continue good during late summer and early fall. Prices received by growers for most deciduous fruits in September and October probably will not differ greatly from the levels of a year earlier, USDA said.

The Florida packs of processed citrus juices made from the 1953-54 crops are much larger than preceding packs, with frozen orange concentrate setting another record. The 1953-54 pack of canned single-strength citrus juices in Florida, including orange, grapefruit and blend, was nearly 40 million cases basis 24/2, 17 percent larger than in 1952-53. The output of canned concentrated orange juice in 1953-54 was about 2½ times that packed the year before.

The 1954 pack of frozen fruits and fruit juices is expected to exceed 1.3 billion pounds, compared with 1.25 billion in 1953. A reduction in output of frozen fruits and berries will be more than offset by a substantial increase in frozen citrus juices. In Florida, the 1953-54 pack of frozen concentrated orange juice is 41 percent larger than last year, the pack of frozen grapefruit concentrate is up 35 percent and frozen blended juices up 101 percent.

Provisions of Farm Legislation

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United States from Puerto Rico or any territory or possession where the Marketing Agreements Act has force and effect.

For those commodities for which marketing orders may issue, certain additional regulatory authority is permitted by the new law. Marketing orders are authorized to continue in operation during periods when the price of the regulated commodity is at or above parity. Regulations may be prescribed fixing the size, capacity, weight, or dimensions of the containers used in the marketing of fresh or dried fruits and vegetables. Marketing orders also may provide for the establishment of marketing research and promotional programs with the expenses of such programs to be assessed against the handlers of the commodity.

Diverted Acres

In order to prevent the shifting of surpluses from one crop to another, the producers of many agricultural commodities for which price support programs are not in effect recommended that legislation be enacted which would prohibit the use of acreage diverted from supported crops (under quota programs) for the production of other commodities.

The House-passed bill contained no provision relating to diverted acres. The Senate amendment contained a provision requiring the Secretary of Agriculture to condition eligibility for price support for any commodity on the producer's compliance with the Secretary's regulations as to the use to which such diverted acres may be put. The Secretary was to make use of such regulations to the "fullest extent practicable" whenever he determined that conditions were such that limitations on the use of diverted acres were necessary to prevent the production of excessive supplies.

The use of such "cross-compliance" principles in determining the eligibility of a producer for price support on a basic commodity is not new. The Solicitor of the Department of Agriculture has ruled that it is within the authority of the Secretary of Agriculture under existing law to impose reasonable conditions of eligibility for price support on a basic commodity, reasonable conditions including compliance with reasonable regulation of the use to which diverted acres may be put. The effect of the proposed

Senate amendment therefore was to encourage more widespread use of such conditions by the Secretary.

The Agricultural Act of 1954 contains a modified version of the Senate provision on diverted acres. The conference substitute eliminates any doubt as to the authority of the Secretary to install a program for the use of diverted acres by authorizing the Secretary to administer such programs on an appropriate geographical basis. The amendment also provides that, in semiarid or other areas where good husbandry requires maintenance of a prudent feed reserve, regulations relating to diverted acres shall be administered in such a manner as to permit the production of forage crops for storage and subsequent use in the farm feeding operations. Farm disaster area situations are also to be accommodated to the fullest extent possible.

Stocks of Bulk Sauerkraut

The following report on bulk sauerkraut in canners' hands, which was compiled by the N.C.A. Division of Statistics, represents kraut cut from the 1953 crop of cabbage and consists of the bulk kraut on hand in vats and in cases of canned kraut converted to barrels, 10 cases to the barrel regardless of size.

Region	Aug. 1, 1953	June 1, 1954	Aug. 1, 1954*
(45-gallon barrels)			
Northeast.....	72,502	141,006	117,610
Midwest.....	36,582	137,652	121,280
South.....	4,373	11,760	23,097
West.....	2,781	12,926	7,767
U. S. Total.....	116,128	303,434	269,754

Northeast includes Conn., Md., Mass., N. Y., and Pa. Midwest includes Ill., Ind., Iowa, Mich., Minn., Ohio, and Wis. South includes Mo., Tenn., and Texas. West includes Colo., Ore., Utah, and Wash. * Includes small amount of cabbage cut from 1954 crop.

Stocks of Canned Foods on August 1 and Season Shipments

Reports on canners' stocks and shipments of canned apples, applesauce, lima beans, and corn have been issued by the N.C.A. Division of Statistics,

1953 Packs of Fish

The 1953 packs of canned fish and shellfish intended for human consumption totaled 606 million pounds valued at \$290 million to the packers, according to a report by the Fish and Wildlife Service.

The 1953 production in the United States, Alaska, Hawaii, and Puerto Rico was 5 percent less than the 647 million pounds packed in 1952, but the value of the packs was down by less than one percent.

Sharply reduced packs of salmon and Pacific Coast sardines were largely responsible for the decline in volume below that of recent years; the 1953 pack of pilchards was only about one percent of the record production attained in 1950.

Record packs of tuna and anchovies were canned; most of the anchovies were packed for export.

Following is a summary of 1953 production of principal canned fish and shellfish, with comparisons:

	1952	1953
(thousands of pounds)		
Tuna.....	179,417	188,704
Salmon.....	214,280	187,709
Maine sardines.....	71,077	56,485
Pacific sardines.....	4,804	2,863
Anchovies.....	21,071	33,187
Mackerel.....	68,641	26,834
Alewives.....	3,594	5,613
Ciam products.....	45,252	44,590
Oysters.....	8,651	10,372
Shrimp.....	12,269	15,242

Canned Baby Food Stocks

Details of the canned baby food supply, stock and shipment situation are reported by the N.C.A. Division of Statistics as follows:

	1953	1954
(thousands of dozens)		
Canner stocks, Jan. 1.....	55,300	65,305
Pack, Jan.-July.....	76,888	79,085
Supply.....	132,188	144,390
Canner stocks, Aug. 1.....	44,365	54,095
Canner shipments during July	13,018	13,425
Canner shipments, Jan.-July..	87,823	90,295

and detailed reports covering August 1 stocks have been mailed to all canners packing these items.

	Carry-over month	Case basis	Total Supply		Stocks, Aug. 1	Season Shipments to Aug. 1		
			1952	1953	1953	1953	1954	
(Thousands of cases)								
Apples.....	Aug.	6/10	3,840	3,120	178	*147	3,661	3,973
Applesauce.....	Aug.	actual	10,220	11,384	179	*541	10,642	10,845
Lima beans.....	Aug.	actual	3,296	3,604	227	*459	3,009	3,145
Corn.....	Aug.	actual	38,640	38,562	2,317	*5,145	36,323	33,417

* Carryover from 1953 pack into 1954-55 season.

Shipments of Metal Cans

Shipments of metal cans for fruits and vegetables during the first half of 1954 exceeded the volume shipped during the same period of 1953 by about 3 percent, on the basis of a report by the Bureau of the Census, U. S. Department of Commerce.

However, shipments of cans for fish and sea food were about 9 percent below shipments during the first six months last year. Shipments of cans for meat and poultry were up about 17 percent.

	Jan. through June 1953	1954 (short tons of steel)
Fruit and vegetable (including juice).....	425,771	430,388
Fish and sea food.....	47,584	43,387
Meat (including poultry).....	61,108	71,880

Shipments of Glass Containers

Shipments of glass containers for food during the first half of 1954 exceeded the volume shipped during the same period of 1953, on the basis of reports by the Bureau of the Census, U. S. Department of Commerce.

Shipments of wide-mouth food containers were up about 9 percent over the same period last year.

	Jan. through June 1953	1954 (thousands of gross)
Wide-mouth food (including fruit jars, jelly glasses and packers' tumblers).....	15,153	16,500
Narrow-neck food.....	6,348	6,493

Maine Potato Marketing Order

A federal marketing order authorizing regulation of the grade, size, quality, and maturity of Maine potatoes was issued August 24 by the U. S. Department of Agriculture. A marketing agreement with the same regulatory provisions also was issued.

The marketing order program is to be administered locally by a marketing committee and an administrative committee. The marketing committee, composed of 20 members (15 producers and 5 handlers), has the sole responsibility for recommending the grade, size, quality, or maturity regulations that should be made effective by the Secretary of Agriculture. Members of the marketing committee will be selected shortly from nominees proposed by the industry. Regulations under the program will depend on the recommendations of the marketing committee. The administrative committee, made up of members from the marketing committee, will handle

the administrative and managerial duties for the marketing committee.

In addition to the Maine potato marketing order, seven other federal marketing orders for potatoes already are in effect, covering about 44 percent of the total U. S. crop and 57 percent of the late crop.

Notice of Hearings on GATT

The State Department has announced that public hearings will be held in Washington September 13-17 concerning possible changes in the general provisions of the General Agreement on Tariffs and Trade. These hearings will not relate to individual commodities or tariff rates.

The hearings will be conducted under the direction of the chairman of the U. S. delegation for the review and renegotiation of GATT which will take place in Geneva beginning November 8. Briefs from any interested person will be received on problems now covered by the Agreement or any related problem not presently covered.

Channels for Trading Abroad

Copies of *Channels for Trading Abroad* are available from the Bureau of Foreign Commerce, U. S. Department of Commerce, Washington 25, D. C., or from any of the Commerce Department field offices at 25 cents a copy.

The pamphlet discusses the role of the export merchant, combination export manager, export agent, export commission house, export trade association, large company, the buyer for export, and the several types of company organizations.

The U. S. channels described for importing include the import merchant, indent house, import commission house, resident agent, importing wholesaler or jobber, import broker or factor, and the direct buyer.

Magazine Features Cameron

An action picture of Dr. E. J. Cameron in the N.C.A. Washington Laboratory was used for the cover of the August 9 issue of *Chemical and Engineering News*, which included also an article about the recent Babcock-Hart Award.

The feature traces Dr. Cameron's career and accomplishments in food technology, giving considerable space to his leadership of the Association's canned food nutrition program.

Export of Agricultural Surplus

In separate enactments, Congress has established two procedures designed to encourage the sale and exportation of surplus agricultural commodities.

The Agricultural Trade Development and Assistance Act of 1954 (P. L. 480) authorizes the President "to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies."

For the purpose of carrying out such agreements, the CCC is authorized to make available surplus agricultural commodities from its stocks or, if the commodity is not held by CCC, to finance the sale and exportation. Over the three-year period ending June 30, 1957, the CCC's part in these arrangements may not cost more than \$700 million.

An executive order providing for the administration of P. L. 480 has not yet been issued.

Section 402 of the Mutual Security Act of 1954 requires that "not less than \$350 million shall be used to finance the transfer of surplus agricultural commodities or products thereof produced in the United States in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954."

The surplus agricultural commodities utilized under the Mutual Security Act also are to be sold rather than furnished on a grant basis. Both laws contain the customary requirements favoring transactions through private trade channels and prohibiting disruption of orderly marketing in the U. S. and abroad.

Under both Acts, the U. S. will spend the foreign currencies abroad, one objective of such expenditures being to help develop new markets for U. S. agricultural commodities.

Section 402 of the Mutual Security Act is to be administered by the Foreign Operations Administration in a manner similar to operation of Section 550 last year, but FOA apparently is awaiting issuance of the executive order on P. L. 480 before it proceeds with specific plans on Section 402.

The \$350 million which the FOA is directed to spend on surplus agricultural commodities compares with \$245 million available during the last fiscal year under Section 550.

Canned Foods for VA

The Veterans Administration has invited sealed bids to furnish the following:

CORN—6,750 dozen No. 10 cans of cream style golden, Extra Standard (Grade B) and 2,100 dozen No. 10 cans of whole grain golden, Extra Standard (Grade B), or equivalent in No. 2½ or No. 2 cans. Bids due under S-49 by Sept. 7.

GRAPES—1,350 dozen No. 10 cans of Thompson seedless, Fancy (Grade A), or equivalent in No. 2½ or No. 2 cans. Bids due under S-97 by Sept. 14.

Canned Kadota Figs for USDA

The U. S. Department of Agriculture on August 24 announced that it contemplates purchasing canned Kadota figs from the 1954 pack for distribution in the National School Lunch Program.

Offers may be submitted for the sale of canned Kadota figs packed in No. 10 and No. 2½ cans; No. 10 cans are preferred. The grade specified in the announcement is Fancy. Delivery is required during the period September 27 through October 30.

Offers should be sent to the Director, Fruit and Vegetable Division, Agricultural Marketing Service, USDA, Washington 25, D. C., by September 3 for acceptance by September 7.

William E. Braithwaite Dies

William E. Braithwaite, 66, known to many canners through his connection for the past 30 years with can size standardization programs carried on by the Division of Simplified Practice, U. S. Department of Commerce, died August 18, at the home of a daughter in Idaho Falls, Idaho. Mr. Braithwaite had retired last year from government service that had been continuous since the organization by Herbert Hoover of the Simplified Practice Division in 1923.

Members of successive N.C.A. can size committees were familiar with Mr. Braithwaite and his program and always enjoyed understanding and co-operation in the many container-size problems that arose from time to time during the past three decades. Mr. Braithwaite was on the program at several N.C.A. Conventions and Board meetings.

During his long government career, he had served on many federal committees including the Federal Specifications Board, Committee on Packaging and Interdepartmental Committee on Materials Handling, Packaging and Shipping for Defense.

G. H. Clark Dies

G. H. ("Hoke") Clark, 48, prominent among West Coast tuna and sardine canners, died in his sleep August 23 in Lima, Peru, where he represented Star-Kist Foods, Inc.

Mr. Clark headed the Terminal Island Sea Foods Co. from 1943 to 1950, was production manager of the West Coast Packing Corp. from 1950 to 1954, and in the past few months was Star-Kist representative in Peru and Chile. He also served as research director of the Tuna Standards Committee of the California Fish Canners Association. He had served in 1948 and 1949 as a member of the N.C.A. Procurement Committee.

For 17 years prior to his entry into canning, Mr. Clark worked for the California Department of Fish and Game, most of that time as senior fisheries supervisor.

Renegotiation Act Extended

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to that date, the lower statutory minimum will continue to be applicable.

A qualified exemption of all contracts for the sale of "standard commercial articles" to the government may result in renegotiation being inapplicable to most canned foods sales contracts the receipts or accruals from which are obtained after December 31, 1953. Contracts for "standard commercial articles" are to be exempt unless the Renegotiation Board makes a specific finding that competitive conditions affecting the sale of such article are such "as will not reason-

ably prevent excessive profits." This amendment applies to contracts with the government and subcontracts only to the extent of the amounts received or accrued by a contractor or subcontractor after December 31, 1953.

In order that the Board may have the necessary information to make the required finding as to competitive conditions, each contractor supplying "standard commercial articles" can be required to furnish to the Board such information and data as the Board thinks necessary. If the Board fails to make a specific finding that competitive conditions do not eliminate the need for renegotiation within six months after the date of the filing of such information, the exemption will become automatically applicable.

The new law provides a generalized definition of what constitutes a "standard commercial article." It must be an article

"(1) which, in the normal course of business, is customarily manufactured for stock, and is customarily maintained in stock by the manufacturer or any dealer, distributor, or other commercial agency for the marketing of such article; or

"(2) which is manufactured and sold by more than two persons for general civilian industrial or commercial use, or which is identical in every material respect with an article so manufactured and sold."

Most canned foods sold to the government would appear to fall within this definition.

The new law also will make several changes in the procedures under which renegotiation is carried out.

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